

FORECASTS COMPARISON

Idaho has a dynamic economy whose growth is influenced by a myriad of local, national, and international factors. Therefore, changes to the projected values of such diverse variables as oil prices, interest rates, and national housing starts can have an effect at the state level. In order to account for the effects of such changes on the state's economy, each issue of the *Idaho Economic Forecast* uses Global Insight's most recent forecast of the U.S. economy. Additional data, such as company-specific expansions and/or contractions are also considered.

The following comparison table shows how the outlooks for several key Idaho and national economic series have changed from the January 2003 to the April 2003 *Idaho Economic Forecast*. The January 2003 Idaho forecast is based on Global Insight's December 2002 baseline forecast and the April 2003 Idaho forecast is driven by Global Insight's March 2003 baseline U.S. macroeconomic forecast.

The table on the facing page highlights some of the differences for several key national and Idaho variables between the current and previous forecast. A review of the national variables reveals Global Insight has lowered its expectations for the economy compared to the previous forecast. Nominal GDP grows slower in this forecast, as evidence by the growing chasm between the current and previous forecasts. Specifically, nominal GDP is 0.6% lower in 2003 but is nearly 2.0% lower in 2006. United States nominal personal income displays a similar pattern. The gap between the current and previous forecasts starts at 0.9% in 2003 and widens to 2.0% in 2006. However, the slower economic growth is accompanied by lower inflation, so the gaps when measured on a real basis are not as large. For example, in 2006 the gap between current and previous real GDP is 0.8% and the gap for real personal income is 1.2%. Other evidence of the softer economic outlook can be found in the employment data. The current Global Insight forecast shows U.S. nonfarm employment is down 0.8 million (0.6%) from the previous forecast in 2003 and 1.7 million (1.2%) in 2006. Over this period the goods-producing sector experiences the largest relative change. It goes from being down 0.5% in 2003 to 1.8% in 2006. In comparison, the service-producing sector is down 0.6% in 2003 and just 1.1% in 2006.

The outlook for Idaho has also been scaled back. This reflects the combination of several factors including the national economy's slower growth, the availability of additional historical employment data for Idaho, and recent events, such as the layoffs at Micron, that were not included in the previous forecast. The additional historical data lowers the starting point for the Idaho forecast. This can be seen in the year 2002, where nonfarm employment is down about 2,400 compared to the previous estimate. The recent high-tech layoffs show up in 2003. In that year, good-producing employment has been reduced nearly 3,100 compared to the previous forecast. Services employment is down 3,600 that same year. The reduced prospects of the current national forecast are the primary reason Idaho's nonfarm employment grows slower over the forecast period. Not surprisingly, Idaho's nominal and real personal incomes are both below their previously forecasted counterparts.

IDAHO ECONOMIC FORECAST
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DIFFERENCES BETWEEN
APRIL 2003 AND JANUARY 2003 FORECASTS

	1999	2000	2001	2002	2003	2004	2005	2006
GDP (BILLIONS)								
Current \$	0	0	0	1	-62	-154	-221	-246
% Difference	0.0%	0.0%	0.0%	0.0%	-0.6%	-1.3%	-1.8%	-1.9%
1996 Chain-Weighted	0	0	0	5	-11	-27	-53	-90
% Difference	0.0%	0.0%	0.0%	0.1%	-0.1%	-0.3%	-0.5%	-0.8%
PERSONAL INCOME - CURR \$								
Idaho (Millions)	0	0	0	-245	-307	-480	-750	-852
% Difference	0.0%	0.0%	0.0%	-0.7%	-0.9%	-1.3%	-1.9%	-2.0%
U.S. (Billions)	0	0	0	4	-51	-144	-213	-223
% Difference	0.0%	0.0%	0.0%	0.0%	-0.5%	-1.4%	-2.0%	-2.0%
PERSONAL INCOME - 1996 \$								
Idaho (Millions)	0	0	0	-210	-229	-100	-258	-408
% Difference	0.0%	0.0%	0.0%	-0.7%	-0.7%	-0.3%	-0.8%	-1.2%
U.S. (Billions)	0	0	0	6	-34	-40	-80	-106
% Difference	0.0%	0.0%	0.0%	0.1%	-0.4%	-0.5%	-0.9%	-1.2%
TOTAL NONFARM EMPLOYMENT								
Idaho	6	8	8	-2,433	-6,713	-8,610	-12,600	-20,775
% Difference	0.0%	0.0%	0.0%	-0.4%	-1.2%	-1.5%	-2.1%	-3.4%
U.S. (Thousands)	0	0	0	-42	-802	-1,611	-1,768	-1,723
% Difference	0.0%	0.0%	0.0%	0.0%	-0.6%	-1.2%	-1.3%	-1.2%
GOODS PRODUCING SECTOR								
Idaho	1	2	4	-422	-3,088	-6,173	-8,925	-11,410
% Difference	0.0%	0.0%	0.0%	-0.4%	-2.9%	-5.7%	-8.1%	-10.0%
U.S. (Thousands)	0	0	0	-10	-119	-393	-424	-440
% Difference	0.0%	0.0%	0.0%	0.0%	-0.5%	-1.7%	-1.8%	-1.8%
SERVICE PRODUCING SECTOR								
Idaho	5	7	4	-2,011	-3,625	-2,437	-3,675	-9,366
% Difference	0.0%	0.0%	0.0%	-0.4%	-0.8%	-0.5%	-0.8%	-1.9%
U.S. (Thousands)	0	0	0	-31	-682	-1,218	-1,345	-1,283
% Difference	0.0%	0.0%	0.0%	0.0%	-0.6%	-1.1%	-1.2%	-1.1%
FINANCIAL MARKETS								
Federal Funds Rate	0.0%	0.0%	0.0%	0.0%	-0.2%	-0.2%	0.0%	0.0%
Bank Prime Rate	0.0%	0.0%	0.0%	0.0%	-0.2%	-0.2%	0.0%	0.0%
Mort Rate, Existing Homes	0.0%	0.0%	0.0%	0.0%	-0.2%	-0.5%	0.0%	0.1%
INFLATION								
GDP Price Deflator	0.0	0.0	0.0	-0.1	-0.5	-1.2	-1.5	-1.3
Personal Cons Deflator	0.0	0.0	0.0	0.0	-0.1	-1.1	-1.3	-1.0
Consumer Price Index	0.0	0.0	0.0	-0.1	-0.1	-1.6	-2.2	-2.1

Forecast Begins the **FOURTH** Quarter of 2002